Spotlight on American Rare Earths as new Bill forces defense contractors to stop buying rare earth enabled products from China

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On January 15, 2022 it was reported by Reuters that a new bill was introduced in the US Senate that would force defense contractors to stop buying rare earth enabled products from China by 2026 and use the Pentagon's Defense Logistics Agency, DLA, to create a permanent stockpile of rare earth minerals. The U.S has only one producing rare earths mine at Mountain Pass, California, run by MP Materials, and currently has no capability to process rare earth minerals downstream of the mine. If passed, the new bill would help support the U.S goal of developing a more local and secure supply of rare earths, in the USA.

Today's company has not one, not two, but three USA located rare earth projects. Its flagship Arizona rare earths project contains light rare earths. Light rare earths include the valuable magnet metals praseodymium and neodymium, as well as scandium.

American Rare Earths Limited 3 USA rare earths projects – location map

Source: Company presentation

American Rare Earths Limited (ASX: ARR | OTCQB: ARRNF) is focused on developing its 100% owned La Paz Scandium and Rare Earths Project in Arizona, USA. The Project was acquired in August 2019 with an existing NI 43-101 Resource. The Project lies about 170km northwest of Phoenix.

The Company states: "La Paz is a large tonnage, bulk deposit comprising high value, light rare earth (LREE) assemblage with the potential to be the largest rare earth project in North America…..contains very low penalty elements such as radioactive thorium and uranium." They further comment: "The results show an increase in grades of certain high-value Rare Earth elements, including magnetic and heavy Rare Earths used in numerous technologies such as Electric Vehicles (EVs), wind turbines, air conditioners/refrigeration, phones, and critical national defense industry tech."

The La Paz Scandium and Rare Earths Project

La Paz covers over 890 hectares with mining claims on federally controlled land and a prospecting permit over one section of Arizona State Trust land (259 hectares). The claims are unencumbered and 100% controlled by La Paz Rare Earth LLC (100% owned subsidiary of American Rare Earths Limited). The Project benefits from excellent local infrastructure including electricity, water,and gas; and is in a mining friendly jurisdiction.

The JORC 2012 classified Resource Estimate as announced in August 2021 at La Paz is **170.6 million tons of Total Rare Earth Elements (TREE) at an average grade of 391ppm.** The Indicated Resource Estimate is 35.2 million tonnes. The Resource estimation report demonstrates approximately 66.6 million kilograms TREE, approximately 80.0 million kilograms TREO, plus 4.4 million kilograms of Scandium Oxide (Sc2O3).

The Resource displays relatively uniform distribution of total rare earth elements (TRRE) across and along strike, covering a resource area of 2.5km by 1.5km (La Paz Resource only). The entire deposit is exposed at surface, or lightly concealed by alluvial cover.

The Company recently stated (re La Paz): "What is also exciting are the higher grades intersected in the La Paz resource area of up to four times the depth of the previous maiden resource, with mineralization remaining open at depth and along the strike, indicating the potential for a much larger deposit."

The Company also reported a new potential resource in the Southwest area of the La Paz Project where one diamond core hole terminated in mineralization material below 75 metres. New claims are being staked in the area.

La Paz Project highlights and showing the La Paz Resource area and the new discovery Southwest Resource area <4km away

Source: Company presentation

Other projects

American Rare Earths Limited has also recently acquired two other USA rare earth projects – The Searchlight Rare Earths Project in Nevada and the Halleck Creek Project in Wyoming. The Company also has exposure to cobalt via its strategic investment in Cobalt Blue Holdings (ASX: COB), which owns the Broken Hill Cobalt Project in Australia.

Catalysts in 2022

- La Paz drilling contractor appointed and to commence work in January 2022.

- Field exploration work continues at Halleck Creek with the Maiden Drill program planned for Q1 2022.
- Results from working with USA research institutions with La Paz's mineral profile incorporated into emerging US advanced rare earth processing technologies.
- Preliminary Economic Assessment (PEA) for La Paz by the end of 2022.

American Rare Earths Managing Director and Chief Executive Officer, Chris Gibbs, stated in December 2021: "Timing could not be better with the recent Capital raising efforts and obtaining the permits to commence drilling at our key projects. The opportunity to bring Fidelity onto the register means we can accelerate the planned scope of works and unlock value sooner."

American Rare Earths Limited highlights

Source: Company presentation

Closing remarks

American Rare Earths Limited offers investors exposure to three USA rare earths projects, including the flagship La Paz Scandium and Rare Earths Project in Arizona.

With rare earths demand set to surge this decade as we switch to green energy and transportation, it is worthwhile looking at what companies can be the next suppliers of rare earths, especially in the USA.

American Rare Earths Limited has recently raised A$5.7 million after fees with Fidelity International initially taking an equity interest of approximately 9.9%. The current market cap is A$110 million. One to follow in 2022, especially with the

current drilling at La Paz and Q1 2022 drilling at Halleck Creek. Stay tuned.